

VZCZCXR00229
RR RUEHJO
DE RUEHLS #0034/01 0200518
ZNR UUUUU ZZH
R 200518Z JAN 09
FM AMEMBASSY LUSAKA
TO RUEHC/SECSTATE WASHDC 6637
INFO RUEHJO/AMCONSUL JOHANNESBURG 0455
RUCPDOC/DEPT OF COMMERCE WASHDC

UNCLAS SECTION 01 OF 02 LUSAKA 000034

SIPDIS

DEPT FOR EEB/CBA (DENNIS WINSTEAD)

E.O. 12958: N/A

TAGS: ABUD AMGT BEXP BTIO ECON EINV ETRD ZA
SUBJECT: 2009 BUSINESS FACILITATION INCENTIVE FUND PROPOSAL

REF: A. SECSTATE 128559
 B. WINSTEAD-TREMONT E-MAIL (DECEMBER 9
 C. 2008)

¶1. This cable is a response to the reftel solicitation for Business Facilitation and Incentive Fund (BFIF) proposals. Embassy Lusaka requests financial support for three business promotion and commercial outreach activities. Points of contact for all projects are:

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¶2. PROJECT ONE: Regional Commercial Service-State Commercial Training and Strategic Planning Program. The Commercial Service-State Post Partnership Program will strengthen the Mission's ability to support U.S. business interests in Zambia. Per Ref B, on December 9, EEB/CBA notified Post that it had been selected as a top tier commercial post for the Africa region. EEB/CBA also invited Post to nominate two candidates to participate in a regional training event that will take place in Johannesburg on February 17-20, 2009. Estimated costs are likely to be approximately USD 2,700, consisting of per diem for four training days plus two travel days (USD 850 x 2) as well as airfare (USD 500 x 2).

¶3. PROJECT TWO: Biotechnology Outreach. Senior government officials have indicated that the Zambian Government may be prepared to lift its ban on imported products containing genetically modified material, with the possible exception of bioengineered seed. Given the opportunities that this poses to U.S. businesses as well as Zambian food security, Post requests funding to pay for the visit of an expert on biotechnology. Post would host a series of meetings with policy-makers, civil society organizations, farmers associations, parliamentarians, and journalists to discuss how drought-resistant genetically modified seed and other biotechnology products could benefit Zambian farmers and consumers alike. May would be the ideal timing for the meetings. Total cost of the project would be USD 4,000, consisting of airfare (USD 2,500) and per diem and lodging (USD 1,500). The objective of the program is to persuade the Zambian Government to lift its ban on all biotechnology, including seed.

¶4. PROJECT THREE: Development of a White Paper on Investment Opportunities and Constraints. Economic growth is Post's top Mission Strategic Plan priority, above health care and education. Only through private sector-led economic growth will Zambia develop sustainable food security, alleviate widespread poverty, create adequate educational opportunities, and control HIV/AIDS, malaria, and other

health epidemics. Given the abundance of natural resources in Zambia and the improving business climate, opportunities abound for U.S. businesses. Notwithstanding these prospects, the U.S. commercial footprint in Zambia remains small. The few U.S. companies that operate in Zambia fare well, yet are quick to point out obstacles to doing business.

¶15. Post proposes developing a detailed white paper on investment opportunities and constraints that would form the basis for diplomatic engagement with the Zambian Government and that could also be a tool to increase U.S. investor awareness and confidence. The white paper would supplement Embassy Lusaka's Investment Climate Statement by pinpointing specific obstacles to economic growth and encouraging open markets and better governance. The timing for such a project is particularly appropriate, given the decline in world copper prices and Zambia's subsequent emphasis on diversifying its economy in order to promote non-traditional exports, particularly in the agricultural sector. The paper would identify and examine the impacts of trade barriers (including those on biotechnology). The white paper would also provide a gauge and outline for Zambia's eligibility for a Bilateral Investment Treaty. Ultimately, the white paper would help develop Zambia as an export market for U.S. products and improve Zambia's competitiveness as an investment destination.

¶16. Post will award the contract to an outside consultant, which will conduct surveys in the business community, interview business leaders, government officials, and civil society representatives, and examine existing laws and regulations. Post anticipates soliciting bids in March,

LUSAKA 00000034 002 OF 002

awarding the contract in early April, and completing the report by June. Total cost of the paper would be approximately USD 5,000. The performance metric for the project's success will be the level of bilateral U.S. trade as well as the value of Zambian non-traditional exports.

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